



**ALCOHOLIC
BEVERAGE
CONTROL
DIVISION
MONTANA**

**Prepared for
The Economic Affairs Interim Committee**

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History

In 1933 the 18th Amendment was repealed by the 21st Amendment. (Previously, the 18th Amendment outlawed alcohol in the US in 1919 and led to Prohibition in 1920. Montana voters in November 1916 decided to prohibit the production and sale of alcoholic beverages effective December 31, 1918, prior to the federal prohibition.) Section 2 of the 21st Amendment specifies that the power to control alcohol resides with the states, leaving each state to decide when and how to repeal Prohibition.

After Prohibition, the states began to seek methods to regulate and control the alcohol industry. The states were also eager to devise a method to levy and collect taxes on alcohol producers. Both concerns led to the states individually creating environments in which single ownership of all three tiers (production, distribution and retail) was entirely or partly prohibited. As states were left by the 21st Amendment to regulate themselves, alcohol laws and the nature of the three-tier system can vary significantly from state to state.

The three-tier system of alcohol distribution is the system for distributing alcoholic beverages set up in the United States after the repeal of Prohibition. The three tiers are importers or producers; distributors; and retailers. The basic structure of the system is that producers can sell their products only to wholesale distributors who then sell to retailers, and only retailers may sell to consumers. Producers include brewers, wine makers, distillers, and importers.

Some states chose to become alcoholic beverage control jurisdictions after Prohibition. In these states, part, or all of the distribution tier, and sometimes also the retailing tier, are operated by the state government itself (or by contractors operating under its authority) rather than by independent private entities.

When the Montana Liquor Control Act, passed in 1933 by the twenty-third Legislative Assembly, created the state liquor control system as one of the nation's seventeen "monopoly" states. Within its monopoly the state operated liquor stores, licensed individual purchases and retailers, exercised regulatory powers, and merchandised alcoholic beverages. The sale of beer was administered by the Board of Equalization, while state liquor stores were under the jurisdiction of a board composed of the Governor, the Attorney General and the Secretary of State.

At that time, only the sale of beer was permitted in Montana's taverns. In 1937 the passage of the Retail Liquor Act amended the 1933 legislation permitting the sale of liquor-by-the-drink and packaged liquor by licensed taverns. At the same time, the administration of state liquor stores was transferred to the newly created Montana Liquor Control Board, which consisted of the members appointed by the Governor and confirmed by the Senate.

As a result of the reorganization of state government following the ratification of Montana's 1972 Constitution, the Montana Liquor Control Board was abolished by the

1973 Legislative Assembly and its functions were transferred to the State Department of Revenue's Liquor Division, now called the Alcoholic Beverage Control Division.

Between 1995 and 1996, the state went from state-run liquor stores to agency franchise agreements where liquor stores are now privately owned and operated.

Montana is a Control State

Montana Code Annotated 16-1-101

It is the policy of the State of Montana, through the Montana Department of Revenue, to effectuate and ensure the entire control of the manufacture, sale, importation, and distribution of alcoholic beverages within the state.

Overall purpose of the code:

- Protect the welfare, health, and safety of the people of Montana.
- Promote temperance, create orderly markets, and aid in the collection of taxes.

Alcoholic Beverage Control

Montana is one of 17 states, several counties and 33 other countries known as control jurisdictions.

These jurisdictions control the sale of distilled spirits and, in some cases, beer and wine through government agencies at the wholesale level and the retail level in some cases.

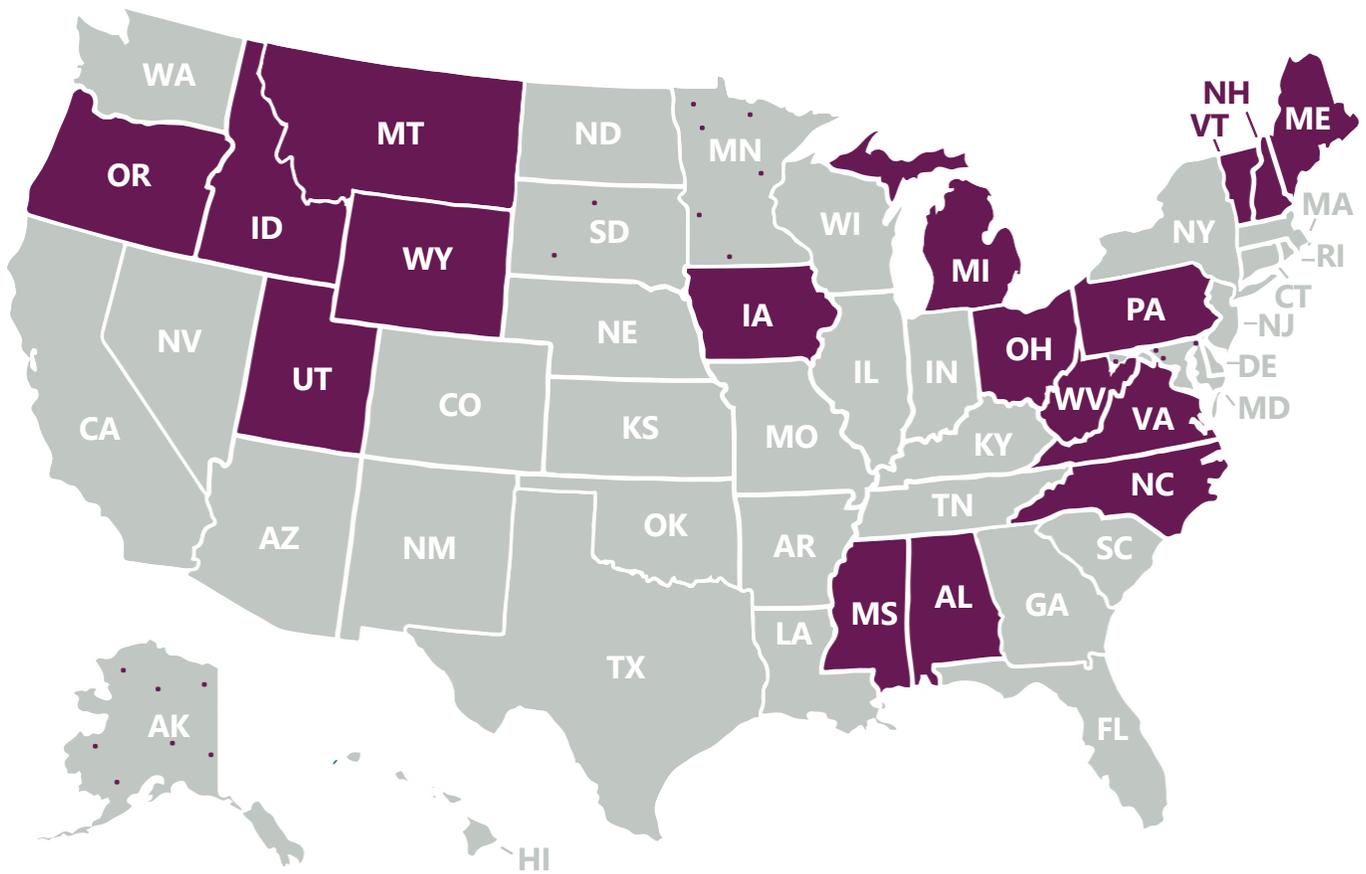
As a control state, Montana believes that moderation can best be achieved by neither promoting nor encouraging the consumption of alcohol but, instead by controlling it.

The purpose of control is to make alcohol available to those adults who choose to drink responsibly, not to promote the sale of alcohol.

By participating in the marketplace, we can serve our citizens with a broader and more flexible range of policy options to promote moderation in the consumption of alcoholic beverages and reduce alcohol abuse.

Another value of the control distribution system is that it operates solely on the revenue derived from the sale of alcoholic beverages in its jurisdiction. No property, state, or other local taxes are used to support control distribution system operations.

The Control States



Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Wyoming. Jurisdictions in Alaska, Maryland, Minnesota and South Dakota have adopted forms of the “control” model.

The Control State System is not unique to the United States. Many other countries across the world have adopted alcohol beverage Control Systems similar to those utilized by the Control Jurisdictions. Among those countries are Azerbaijan, Bosnia and Herzegovina, Cambodia, Canada*, Cape Verde, Columbia, Costa Rica, Egypt, El Salvador, Ethiopia, French Polynesia, Finland, Gambia, Iceland, India*, Kyrgyzstan, Lao PDR, Lithuania, Luxembourg, Malawi, Maritius, Micronesia (Fed. St.), Mongolia, Montserrat, Norway, Romania, Seychelles, Slovakia, Sweden, Switzerland, Macedonia, Turkey and Turkmenistan.

*Many, but not all Canadian provinces and Indian states are control.

Control Benefits to Montanans

Promote moderation

- Control systems promote moderation in consumption. Annual statistical data clearly shows that per capita consumption of distilled spirits is lower in control states than in license states.

Support of alcohol programs

- We distribute revenues from alcohol taxes to the Department of Public Health and Human Services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency (\$12.3 million in FY22).

Improve overall safety of communities through education, regulation and enforcement

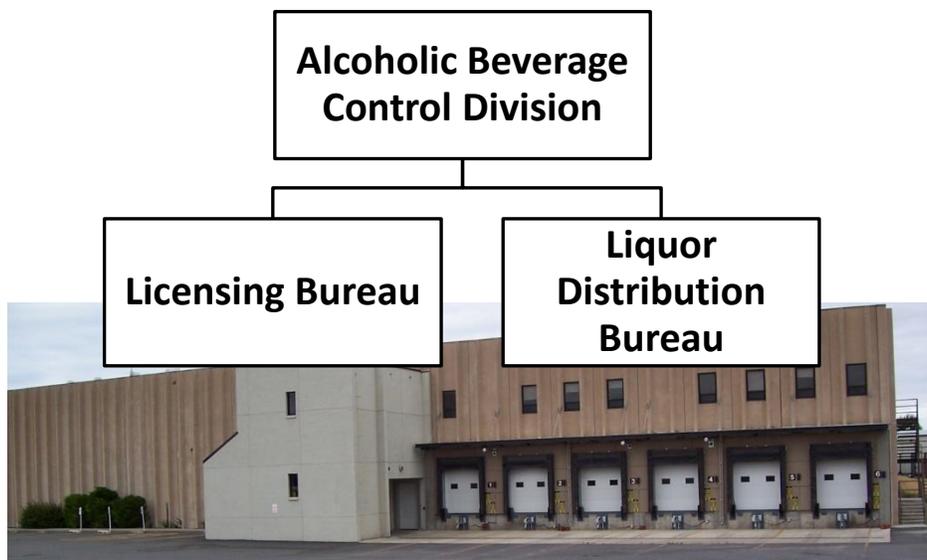
- The control state system continues to provide a regulatory environment that is better able to deter the ever-present risks and costs of alcohol abuse to the individual and the community.
- At one level, the uniform enforcement of applicable laws is far more effective in a control state where there are ordinarily fewer sales outlets, and more importantly, where the economic incentive to violate those laws is greatly reduced.
- At another level, the control system itself serves both as a visible symbol of the public commitment to moderation and as a vehicle for the promotion of alcohol education and awareness programs to support that commitment.

Major source of revenue

- Alcoholic beverage sales provide a source of revenue to the State of Montana (\$73.4 million in taxes, profits and revenue in FY22). The state uses this revenue to help fund state-government operations and to support several government programs. Control jurisdictions, on average, generate more revenue per capita on the products controlled than do license states.

Division Structure

Two bureaus make up the Alcoholic Beverage Control Division: Licensing Bureau and Liquor Distribution Bureau.



Licensing Bureau

The Licensing and Compliance Bureau is responsible for protecting public health and safety in the consumption of alcohol by properly licensing alcoholic beverage businesses in a fair and uniform manner. The bureau is generally responsible for overseeing compliance with the state's alcoholic beverage laws with respect to the manufacturing, distributing, and retailing of alcoholic beverages, as provided for in the Montana Alcoholic Beverage Code (Title 16 of the Montana Code Annotated).

Duties and responsibilities include:

- Oversee and issue more than 5,000 licenses to manufacturers, importers, retailers and distributors of alcoholic beverages;
- Annually process renewal applications for these licenses;
- Review individual applicants for new licenses, transfer of ownership, and transfer of location, including financial document information, and premises to determine applicant and premises meet standard requirements of the law;
- Educate licensees to ensure they understand the laws enacted by the legislature;
- Review investigative reports from local law enforcement, Montana Department of Justice and public complaints; and
- Ensure compliance with Montana's alcoholic beverage laws.

The Montana Department of Justice, Gambling Control Division, provides investigative and audit services for the Alcoholic Beverage Control Division under a memorandum of understanding, but all decisions related to alcohol are the sole responsibility of the Department of Revenue.



Alcohol Beverage License Types

On-Premises Retail Licenses (Bars, Taverns and Restaurants)

This type of licensee may sell and serve alcoholic beverages for on-premises consumption or for off-premises consumption in the original packaging. Some license types may also offer delivery in original packaging and curbside pickup in original packaging, prepared servings, or growlers.

Entities that primarily provide meals with table service and who are licensed to sell beer at retail or beer and wine at retail may, upon approval by the department, be granted a catering endorsement. This allows the business to cater a special event for on-premises consumption that they would not otherwise be licensed to.

To be eligible to offer gaming under Title 23, MCA, an applicant must own an appropriate alcoholic beverage license. Therefore, the Department of Revenue's Alcoholic Beverage Control Division and the Department of Justice's Gambling Control Division use a joint application to streamline the process to apply for certain on-premises licenses.

License Types

- All-Beverages Licenses
 - City – 993 issued (Quota)*
 - County – 435 issued (Quota)*
- Beer Licenses
 - City – 426 issued (Quota)**
 - County – 73 issued (No Quota)*
- Restaurant Beer and Wine Licenses – 256 issued (Quota)

Additional On-Premises License Types

- Fraternal or Veterans Licenses – All-beverages/beer – 99 (No Quota)*
- Golf Course Beer and Wine License – 20 (No Quota)
- Resort Retail All-beverages Licenses – 32 (No Quota)*
- Airport All-beverages Licenses – 7 (No Quota)*
- Passenger Carrier Licenses – 13 (No Quota)
- Special Beer & Wine License for Nonprofit Arts Organization – 23 (No Quota)
- Seasonal Beer & Wine License Yellowstone Airport – 1 (Specific Purpose)
- MT Heritage Retail Alcoholic Beverage Licenses – 3 (Specific Purpose)
- Continuing Care Retirement Center License – 4 (No Quota)

**Gaming is available with these licenses with minor exceptions. (A floater license issued after July 2007 that resulted from a lottery is not eligible to offer gambling. A floater license issued after November 2017 that resulted from a competitive bidding is not eligible to offer gambling.)*

***Gaming is available with these licenses with minor exceptions. (New beer licenses issued after 1997 may not be used for premises where gambling is conducted.)*

Manufacturer Licenses (Distillery, Brewery, Winery)

This type of licensee can manufacture, sell, and distribute products they manufacture. A manufacturer licensed in the state that ships or sells directly to retailers or directly to consumers, where allowed, must pay the tax on such products, and provide the appropriate reporting forms to the department.

License Types

- **Domestic Winery License – 30 issued**

This type of licensee can manufacture, sell, and deliver wine from the licensed premises to any table wine distributor, retail licensee, or the public.

 - May provide samples, with or without charge, of wine that it produced in a sample room located on the licensed premises between 8 a.m. and 2 a.m.
 - There are no restrictions on the amount of samples they can provide per individual customer during a business day.
 - May offer wine in original packaging, prepared servings, or growlers for curbside pickup.

- **Foreign Winery or Importer Registration – 1,537 issued**

A foreign winery registered in the state can ship to licensed table wine distributors and to consumers if the winery holds a direct shipment endorsement issued by the department (*1102 issued*). A wine importer can only ship to licensed table wine distributors.

- **Out-of-State Winery License – 5 issued**

This type of licensee can ship limited quantities of wine directly to retail alcoholic beverage licensees, licensed table wine distributors, and consumers if the winery holds a direct shipment endorsement issued by the department. The limit on direct shipments of wine to licensed retailers is 4,500 cases annually.

- **Domestic Distillery License – 29 issued**

This type of licensee can manufacture, distill, rectify, bottle, process and store liquor for sale to the department. Domestic distilleries may not self-distribute their products other than to agency liquor stores.

 - ◆ **Microdistillery (*29 qualify*)**

A distillery located in Montana that produces 200,000 proof gallons or less of liquor annually.

 - May provide samples of liquor produced on the premises in a sample room located on the licensed premises.
 - May provide samples with or without charge between 10 a.m. and 8 p.m.
 - May provided no more than two ounces of liquor to an individual customer during a business day for on-premises consumption.
 - May provide no more than 1.75 liters of liquor to an individual customer during a business day for off-premises consumption.

- At least 90 percent of the aggregate amount of liquor provided for on-premises or off-premises consumption in the sample room must have been produced at the microdistillery.
 - All liquor provided in the sample room must contain alcohol that was distilled at the microdistillery.
 - May deliver product directly to an agency liquor store. Deliveries must be electronically reported to the department within two business days of the delivery. *(HB 506 from the 2015 legislative session)*
 - May offer liquor in original packaging and prepared servings for curbside pickup. Sample room quantity limitations apply.

- Domestic Brewery License – *110 issued*

This type of licensee can manufacture, sell, and deliver beer from the licensed premises to any beer wholesaler, retail licensee, or the public.

 - ◆ Small Brewery (*110 qualify*)

A brewery located in Montana that produces not less than 100 barrels or more than 60,000 barrels of beer a year.

 - Production includes beer produced by the brewer, beer purchased by the brewer and any beer produced by an affiliated manufacturer.
 - May provide samples of beer that were brewed and fermented on the premises in a sample room located on the licensed premises.
 - Can provide samples with or without charge between the hours of 10 a.m. and 8 p.m.
 - No consumption and possession before 10 a.m. or after 9 p.m.
 - No more than 48 ounces of beer can be provided to an individual customer during a business day.
 - No more than 2,000 barrels of beer can be provided for on-premises consumption annually (includes any affiliated manufacturers and limited to three brewery locations).
 - May offer beer in original packaging, prepared servings, or growlers for curbside pickup. Sample room quantity limitations apply.
 - ◆ Academic Brewers (*1 issued*)

Available for Flathead Valley Community College and Montana State University – Billings only that offer a beer-brewing class or curriculum.

 - Limited to not more than 10,000 barrels in annual production.
 - They can only sell beer to wholesalers.

- Foreign Brewery or Importer License – *125 issued*

This type of licensee can ship limited quantities of beer directly to retail alcoholic beverage licensees and licensed beer wholesalers. The limit on direct shipments of beer to licensed retailers is 10,000 barrels annually.

Off-Premises Retail Licenses (Convenient Stores, Grocery Stores, Specialty Beer & Wine Stores and Drugstores licensed as a pharmacy)

This type of licensee may sell beer and table wine for off-premises consumption only. No consumption or tasting can occur on the licensed premises. Except for sacramental wine licensees, all other off-premises retail license types may offer beer and table wine, in original packaging, for curbside pickup. This includes the use of a drive-through window.

License Types

- Beer License – *55 issued* (No Quota)
- Table Wine License – *7 issued* (No Quota)
- Beer and Table Wine License – *836 issued* (No Quota)
- Sacramental Wine License – *2 issued* (No Quota)
 - May be issued to an establishment located in or outside of Montana that sells sacramental wine at retail to rabbis, priests, pastors, ministers or other officials of churches or other established religious organizations exclusively for off-premises use as a sacramental wine or for other religious purposes.
- Agency Liquor Stores – *95 issued* (Quota)
 - Not a license, but contractual franchise agreement. May sell distilled spirits, fortified wines, and table wines.

Beer Wholesaler and Table Wine Distributor Licenses

This type of licensee purchases beer and table wine either from a licensed brewery, winery, importer, beer wholesaler, or table wine distributor for distribution and sale to retail alcoholic beverage licensees. This type of licensee may not sell to the public or allow consumption on their licensed premises.

License Types

- Beer Wholesaler License – *2 issued*
- Table Wine Distributor License – *6 issued*
- Beer Wholesaler and Table Wine Distributor License – *19 issued*

Special Permits – 489 issued

A tax-exempt organization, nonprofit organization, accredited postsecondary school, or professional sporting contest may apply for a special permit to sell beer and table wine to patrons at the special event. The beer or wine must be consumed at the time and within the enclosed area. Most special permits can be obtained for \$10 per day. Sports leagues can obtain a special permit for \$1,000 to cover the length of the specified season of play.

Beer Connoisseur's License - 0 issued

This type of license allows an individual to receive direct shipments of beer from an out-of-state licensed brewery for the person's own consumption and not for resale. The individual is responsible for filing a semi-annual return and paying the tax for any shipments of beer received.

Vendor Permits and Vendor Representative Registrations – 141 issued

This type of permit allows a vendor of distilled spirits to have their products promoted within the state by registered representatives. The vendor can employ up to five individuals through an independent contractor as registered representatives to promote the vendors' products. In addition, the vendor may also employ an unlimited number of representatives if the individuals are a direct employee, an owner or officer of the distillery. All of whom must be residents of Montana.

Delivery of Alcoholic Beverages by Retailers

The delivery of alcoholic beverage by certain licensees is permissible if the retailer applies for and obtains a delivery endorsement from the department. (*SB 320 from the 2021 Legislative Session*)

- Licensees allowed to apply for a delivery endorsement
 - Entities licensed under 16-4-105, MCA (On-premises beer licenses)
 - Entities licensed under 16-4-201, MCA (All-beverage licenses)
 - Entities licensed under 16-4-420, MCA (Restaurant beer and wine licenses)
- Delivery endorsement fee = \$100
- Requirements
 - Delivery may only occur by licensee or licensee's employees who are 21 years of age or older
 - Only beer and wine in original packaging may be delivered. Delivery of liquor is not allowed.
 - Delivery must include food prepared by the licensee.
 - Purchase price of the food items must cost more than the purchase price of the beer and wine.

Licensing Fees

License Type	License Fee	Processing Fee	One-Time Fee	Renewal Fee
On-Premises Retail				
County All-Beverage	\$400	\$400		\$400
City All-Beverage	\$400 - \$800	\$400		\$400 - \$800
Beer	\$200	\$400	***	\$200
Beer with Wine Amendment	\$400	\$400	***	\$400
Restaurant Beer and Wine	\$400	\$400	\$5k, \$10k, \$20k	\$400
Veterans Club (County)	\$250	\$400		\$250
Veterans Club (City)	\$250 - \$650	\$400		\$250 - \$650
Golf Course Beer and Wine	\$400	\$400	\$20k	\$400
Resort All-Beverage	\$2,000	\$400	\$20k, \$100k	\$2,000
Cont. Care Retirement Community	\$500	\$400		\$500
Catering Endorsement				
All-Beverage	\$250	\$100		\$250
Beer	\$200	\$100		\$200
Off-Premises Retail				
Beer	\$200	\$200		\$200
Table Wine	\$200	\$200		\$200
Beer and Table Wine	\$400	\$200		\$400
Sacramental Wine	\$100	\$50		\$50
Wholesaler/Distributor				
Beer	\$400	\$200		\$400
Table Wine	\$400	\$200		\$400
Beer and Table Wine	\$800	\$200		\$800
Beer or Wine Sub-Warehouse	\$400	\$100		\$400
Beer and Wine Sub-Warehouse	\$800	\$100		\$800
Manufacturer				
Brewery (less than 10,000 barrels)	\$500	\$200		\$200
Brewery (more than 10,000 barrels)	\$500	\$200		\$500
Beer Storage Depot	\$400	\$100		\$400
Winery License	\$400	\$200		\$200
Winery Registration	\$0 - \$400			\$0 - \$400
Direct Shipment Endorsement	\$50			\$50
Distillery	\$600	\$200		\$600
Connoisseur				
Beer	\$50			\$25

*** \$25,000 original licensee fee due when license is issued via a competitive bidding (SB 5 from the 2017 Legislative Session)

Population Based Quota System

- Population based quota system has been in place since 1947
- There are two types of quota areas: city and county
- Quota system for incorporated towns and counties

City Quota Area

(Licenses can be located within the corporate city limit and within a distance of 5 miles from the corporate limits but no further than the county boundary within which the incorporated city is located or the boundary line that separates the incorporated city from another incorporated city.)

All-Beverage License Quota Amounts

- Population 500 or less = 2 licenses
- Population 501 - 3,000 = 3 licenses for first 1,000 inhabitants plus 1 for each additional 1,000 inhabitants
- Population 3,001 or more = 5 licenses for first 3,000 inhabitants plus 1 for each additional 1,500 inhabitants

Beer License Quota Amounts

- Population 500 or less = 1 license
- Population 501 - 2,000 = 1 license for every 500 inhabitants
- Population 2,001 or more = 4 licenses for first 2,000 inhabitants, 2 licenses for the next 2,000 inhabitants and 1 additional license for every additional 2,000 inhabitants

Restaurant Beer and Wine (RBW) License Quota Amounts

- Population 5,000 or less = 80% of beer quota
- Population 5,001– 20,000 = 160% of beer quota
- Population 20,001 – 60,000 = 100% of the beer quota
- Population 60,001 or more = 80% of the beer quota

County Quota Area

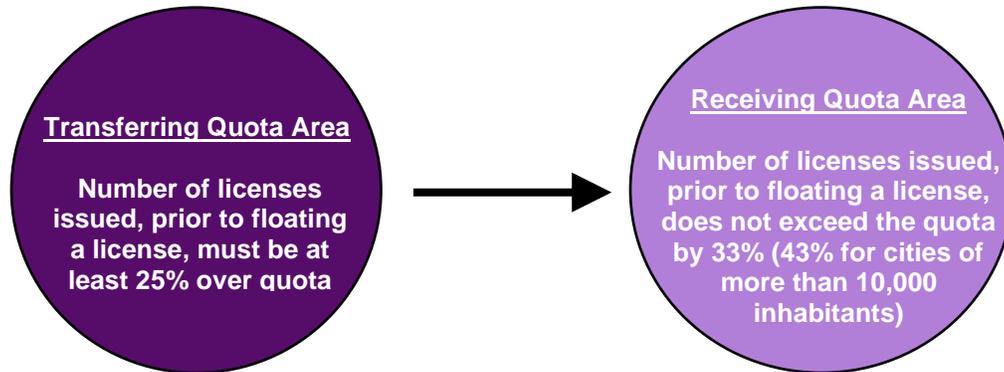
All-Beverage License Quota Amounts

All populations: 1 license for 750 inhabitants of the county after excluding the population of incorporated cities and incorporated towns in the county. County all-beverage licenses can be located anywhere in the county except within the boundaries of the incorporated cities and towns and within a five-mile radius.

Beer License Quota Amounts

No Limit

Floating Licenses between Quota Areas



General Provisions

- Only all-beverage licenses may be floated to a new quota area
- License must be transferred to a new owner and to a location outside the quota area where the license is currently located
- Must meet public convenience and necessity

General Licensing Requirements

- Applicants holding a financial ownership of 15 percent or more must pass a background check by submitting their fingerprints.
- Applicants must be current with all Montana taxes.
- Applicants must be 19 years of age or older.
- Applicants must not have been convicted of a felony or, if the applicant has been convicted of a felony, the applicant's rights must have been restored.
- Applicants must be likely to operate the establishment in compliance with all applicable laws of the state and local governments.
- Business must be authorized to do business in Montana.
- All licensees and their employees who sell or serve alcoholic beverages must receive responsible alcohol sales and service training by a state-approved training provider. *(SB 29 from the 2011 legislative session)*
- A licensee may not possess an ownership interest in more than three all-beverage licenses. A licensee may not possess an ownership interest in more than half the total number of allowable all-beverage licenses in any quota area. *(SB 120 from the 2013 legislative session)*
- An ownership interest in other alcohol beverage tiers is prohibited.

Notice of Publication

Public Convenience and Necessity

- Department required to publish notices when applicants request new licenses, license transfers, and transfers of location.
- Notice allows the public the opportunity to protest the approval of the license to the applicant and/or proposed location.
- Protests must equal 25 percent of the number of quota all-beverages licenses in the area located, but not less than two protests, to initiate a public hearing.
- Evidence needs to indicate that the license will “materially promote the public’s ability to engage in the licensed activity.”
- We will not issue a license if the hearing reveals that:
 - The welfare of the residents or retail licenses located in the area of the premises that wants the license will be adversely and seriously affected;
 - The applicant or the proposed premises for licensing fails to meet the eligibility or suitability criteria;
 - A possible reason for denial listed in a conditional approval letter has been verified; or
 - The purposes of Montana Alcoholic Beverage Code will not be carried out by the issuance of the license.

License Application Processing Statistics

	Fiscal Year 2022		Fiscal Year 2021	
License Type	Applications Processed	Average Application Processing Time (days)	Applications Processed	Average Application Processing Time (days)
All-Beverage	217	62	171	64
Beer	67	61	160	97
RBW	46	57	43	56
Manufacturer	38	39	29	87
Distributor	19	22	13	50
Off-Premises	58	56	194	58
TOTAL	445 Applications Processed		610 Applications Processed	

(Issuance of a new license, transfer of ownership, change of location, etc.)

Concession Agreements

Added to statute with passage of House Bill 727 during the 2019 Legislative Session but the practice has been allowed for many years. Expanded on with the passage of House Bill 525 during the 2021 Legislative Session.

- Written agreements that provide the terms where an on-premises consumption beer licensee, all-beverages licensee, or resort all-beverage licensee can extend its licensed premises into the concessionaire's business for the purpose of selling and serving the licensee's alcoholic beverages to the concessionaire's customers.

Example: Licensed retail establishment is located immediately next to an unlicensed restaurant. Restaurant owner would like to serve alcoholic beverages to its patrons, but no alcoholic beverage licenses are available. Restaurant owner enters into agreement with the neighboring licensed retailer to serve alcoholic beverages within the restaurant area.

- An on-premises consumption beer licensee or an all-beverage licensee can enter into a maximum of three concession agreements at any given time. A resort all-beverage licensee can enter into one concession agreement at any given time.
- Application fee is \$500 for each new concession agreement. Renewal fee is \$100 per concession agreement.
- Statute allows the department to take administrative action against the licensee, concessionaire, or both for violations of the alcoholic beverage code.
- Licensee can compensate the concessionaire for the sale of alcoholic beverages based on one more of the following considerations:
 - A percentage of gross alcoholic beverage sales
 - A percentage of employee overhead
 - A fixed dollar amount to be negotiated by the parties
- Concession agreements in place or submitted prior to January 1, 2021 can continue to operate under the terms and conditions in place prior to House Bill 525.
- Approximately 212 current concession agreements.

Competitive Bidding

Senate Bill 5, enacted by the 65th Montana Legislature during the November 2017 Special Session, requires the department to conduct a competitive bidding process for available licenses. The individual or business entity with the highest bid is awarded the opportunity to apply for licensure.

Requirements to Enter a Competitive Bidding

An individual or business entity wanting to participate in a competitive bidding must submit:

- electronically a competitive bid form that includes the bid amount; and
- an irrevocable letter of credit for at least the bid amount from a financial institution naming the department as the beneficiary

Bid Amounts

Each competitive bidding has a minimum bid amount. The minimum bid amount is set at 75 percent of the market value of licenses of the same type and privileges that have sold within the quota area or similar quota area.

Licenses

All licenses issued through the competitive bidding are gaming restricted.

A license is subject to forfeiture, the license fees, and the original bid amount, if the licensee:

- transfers the license to another person or business entity within one year of receiving the license unless the transfer is due to the death of the licensee;
- does not use the license within one year of receiving the license;
- places the license on nonuse within 5 years of receiving the license; or
- proposes to use the license in a location which has had the same license type within the previous 12 months.

Completed Competitive Bidding Opportunities

Year Offered	License Type	Quota Area	Minimum Bid Amount	Winning Bid Amount
2018	All-Beverage (Floater)	Bozeman	\$371,250	\$451,000
2018	All-Beverage (Floater)	Three Forks	\$71,577	\$151,100
2018	On-Premises Beer	Belgrade	\$168,300	\$210,001

2019	All-Beverage (Floater)	Bozeman	\$371,250	\$1,200,100
2019	On-Premises Beer	Bozeman	\$220,000	\$454,001
2019	All-Beverage (New)	Belgrade	\$262,500	\$525,000
2019	On-Premises Beer	Missoula	\$122,679	\$382,000
2019	On-Premises Beer	Bozeman	\$220,000	\$402,010
2019	All-Beverage (Floater)	Missoula	\$323,300	\$443,000
2019	All-Beverage (Floater)	Bozeman	\$371,250	\$1,100,000
2020	All-Beverage (Floater)	Bozeman	\$371,250	\$770,001
2020	Restaurant Beer and Wine	Missoula	\$42,000	\$65,333
2020	All-Beverage (Floater)	Missoula	\$323,300	\$441,500
2021	All-Beverage (New)	Ekalaka	\$22,500	\$25,500
2021	All-Beverage (New)	Belgrade	\$260,000	\$677,000
2021	On-Premises Beer	Helena	\$80,000	\$85,000
2021	All-Beverage (Floater)	Columbia Falls	\$195,000	\$360,000
2021	Restaurant Beer and Wine	Belgrade	\$55,000	\$65,000
2021	All-Beverage (Floater)	Columbia Falls	\$200,000	\$551,000
2021	On-Premises Beer	Hamilton	\$31,650	\$35,135
2021	All-Beverage (New)	Belgrade	\$393,750	\$750,000
2021	Restaurant Beer and Wine	Columbia Falls	\$35,000	\$65,001
2022	On-Premises Beer	Billings	\$278,500	\$350,000
2022	All-Beverage (Floater)	Billings	\$489,750	\$750,000

Total revenue generated through the competitive bid process: \$10,308,682

Breweries, Distilleries, & Wineries in Montana

Breweries in Montana

ANACONDA

SMELTER CITY BREWING

BELGRADE

BAR 3 BREWING
MADISON RIVER BREWING CO.

BELT

HARVEST MOON BREWING

BIG SKY

BEEHIVE BASIN BREWERY
LONE PEAK BREWING CO.

BIG TIMBER

CRAZY PEAK BREWING CO. LLC

BIGFORK

FLATHEAD LAKE BREWING CO.

BILLINGS

ANGRY HANK'S MICROBREWERY
BAM BREWING
BILLINGS BREWING CO.
BILLINGS BREWING CO., INC
CANYON CREEK BREWING
CARTERS BREWING
FREEFALL BREWERY
MEADOWLARK BREWING
THIRSTY STREET BREWING CO
THIRSTY STREET BREWING CO., INC
UBERBREW

BLACK EAGLE

BLACK EAGLE BREWERY INC

BONNER

KETTLEHOUSE BREWING CO., LLC

BOZEMAN

406 BREWING CO.
BOZEMAN BREWING CO INC.
BRIDGER BREWING CO.
DEAN'S ZESTY BEVERAGES
FREEFALL BREWERY
JULIUS LEHRKIND BREWING
LAST BEST PLACE BREWING CO.
MAP BREWING CO.
MOUNTAINS WALKING BREWERY
NEW VENTURES BREWING
POLAR BREWING
SHERIFF HENRY PLUMMERS
OUTLAW BREWING
SHRED MONK BREWING
THE BUNKHOUSE BREWERY LINCOLN ST.
THE BUNKHOUSE BREWERY, LLC

BUTTE

BUTTE BREWING CO.
QUARRY BREWING

COLUMBIA FALLS

BACKSLOPE BREWING LLC

COLUMBUS

PALLADIUM BREWERY

CULBERTSON

BADLANDS BREWERY

CUT BANK

CUT BANK CREEK BREWING

DARBY

BANDIT BREWING CO., INC.

DILLON

BEAVERHEAD BREWING CO.

EAST HELENA

MISSOURI RIVER BREWING CO.

ENNIS

BURNT TREE BREWING

EUREKA

BRANDING IRON BREWING
KOCOANUSA BREWERY

FORT BENTON

GOLDEN TRIANGLE BREW CO.

FRENCHTOWN

OLD BULL BREWING

GLASGOW

BUSTED KNUCKLE BREWERY LLC

GLENDIVE

CROSS COUNTRY BREWING, LLC

GREAT FALLS

JEREMIAH JOHNSON BREWING CO.
MIGHTY MO BREWING CO.

HAMILTON

BITTER ROOT BREWING
HIGHERGROUND BREWING CO.

HARLOWTON

GALLYS BREWING CO.

HAVRE

TRIPLE DOG BREWING CO.
VIZSLA BREWING

HELENA

ASCENSION BREWING
BLACKFOOT RIVER BREWING CO.
COPPER FURROW BREWING
LEWIS AND CLARK BREWING CO.
SPEAKEASY 41
TEN MILE CREEK BREWING

KALISPELL

BIAS BREWING, LLC
KALISPELL BREWING
SACRED WATERS BREWING CO.
SUNRIFT BEER CO.
THE BREWING ACADEMY AT FLATHEAD VALLEY
COMMUNITY COLLEGE

LAKESIDE

TAMARACK BREWING CO.

LEWISTOWN

BIG SPRING BREWING

LIBBY

CABINET MOUNTAIN BREWING CO.

LIVINGSTON

GEYSER FARM
KATABATIC BREWING CO.
NEPTUNE'S BREWERY

LOLO

LOLO PEAK BREWING CO.

MALTA

BLUE RIDGE BREWING

MILES CITY

OTIUM BREWING
TILT WORKS BREWING

MISSOULA

BAYERN BREWING
CONFLUX BREWING CO.
CRANKY SAM BREWING
CYMATIC FERMENTATION PROJECT
DRAUGHT WORKS
GILD BREWING
GREAT BURN BREWING
IMAGINE NATION BREWING CO., LLC
KETTLEHOUSE BREWING CO.
MISSOULA BREWING CO./HIGHLANDER BEER
ODDPITCH BREWING

PHILIPSBURG

PHILIPSBURG BREWING COMPANY

POLSON

GLACIER BREWING COMPANY

RED LODGE
RED LODGE ALES BREWING COMPANY

RONAN
RONAN COOPERATIVE BREWERY

SCOBEY
PPB2, LLC

SHERIDAN
RUBRU

SIDNEY
1035 BREWING
MEADOWLARK BREWING

STEVENSVILLE
BLACKSMITH BREWING COMPANY
WILDWOOD BREWING INC

THOMPSON FALLS
LIMBERLOST BREWING COMPANY, LLC

THREE FORKS
BRIDGER BREWING COMPANY

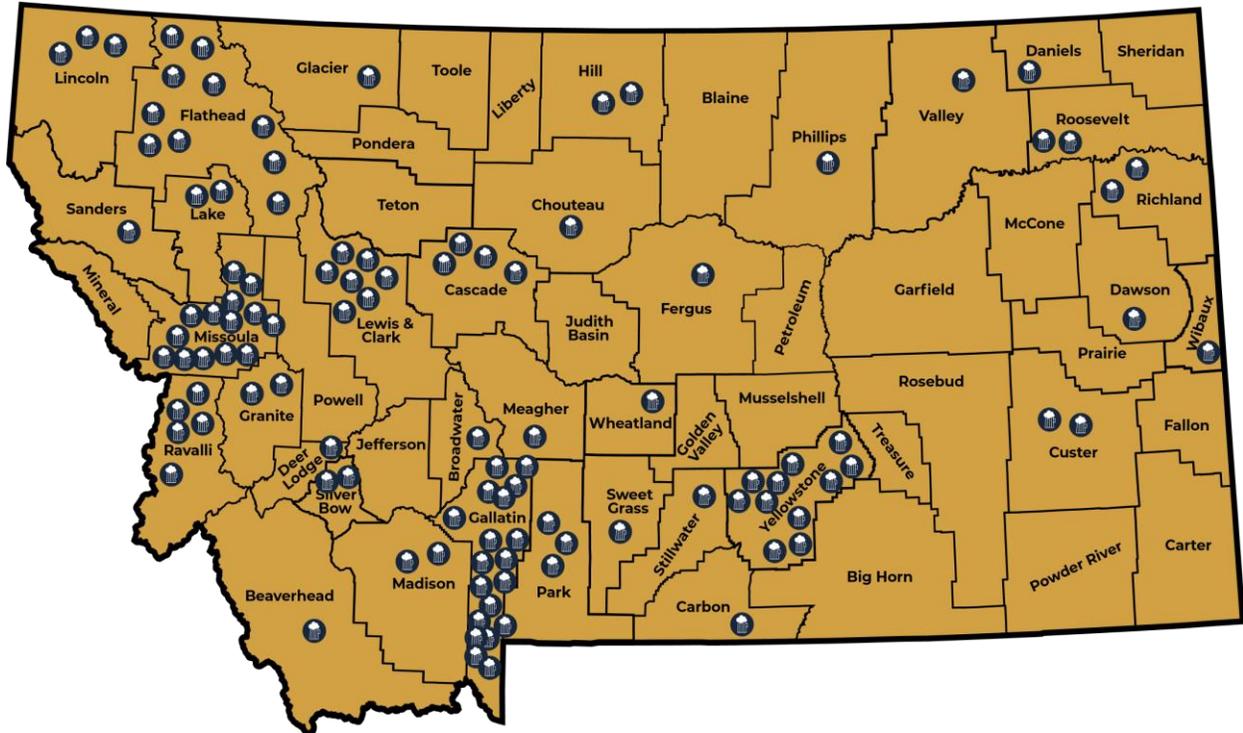
TOWNSEND
CANYON FERRY BREWING

WHITE SULPHUR SPRINGS
2 BASSET BREWERY

WHITEFISH
BONSAI BREWING PROJECT

WIBAUX
BEAVER CREEK BREWERY

WOLF POINT
MISSOURI BREAKS BREWING



Breweries, Distilleries, & Wineries in Montana – Continued

Wineries in Montana

BIGFORK

BOWMAN ORCHARDS

BILLINGS

LAST CHANCE CIDER MILL
YELLOWSTONE CELLARS & WINERY

BOZEMAN

BLEND A BOZEMAN WINERY
LOCKHORN HARD CIDERS
MAVENS MARKET
VALHALLA MEADERY
WALLACE BEVERAGE WORKS

COLUMBIA FALLS

WHITE RAVEN WINERY

CONNER

MONTANA CIDERWORKS

CORVALLIS

WILLOW MOUNTAIN WINERY

DAYTON

MISSION MOUNTAIN WINERY

DIXON

WATCHDOG WINERY LLC

HAMILTON

BACK ROAD CIDER
BLODGETT CANYON CELLARS LLC
SHED HORN

KALISPELL

BIG MOUNTAIN CIDERWORKS
GLACIER SUN WINERY
MONTAVINO WINERY
TAILING LOOP WINERY
WATERS EDGE WINERY & BISTRO KALISPELL

MILES CITY

TONGUE RIVER VINEYARD & WINERY LLC

MISSOULA

TEN SPOON VINEYARD
WESTERN CIDER COMPANY

POLSON

D. BERARDINIS WINERY
FLATHEAD LAKE WINERY INC
GRINDE BAY WINERY

VICTOR

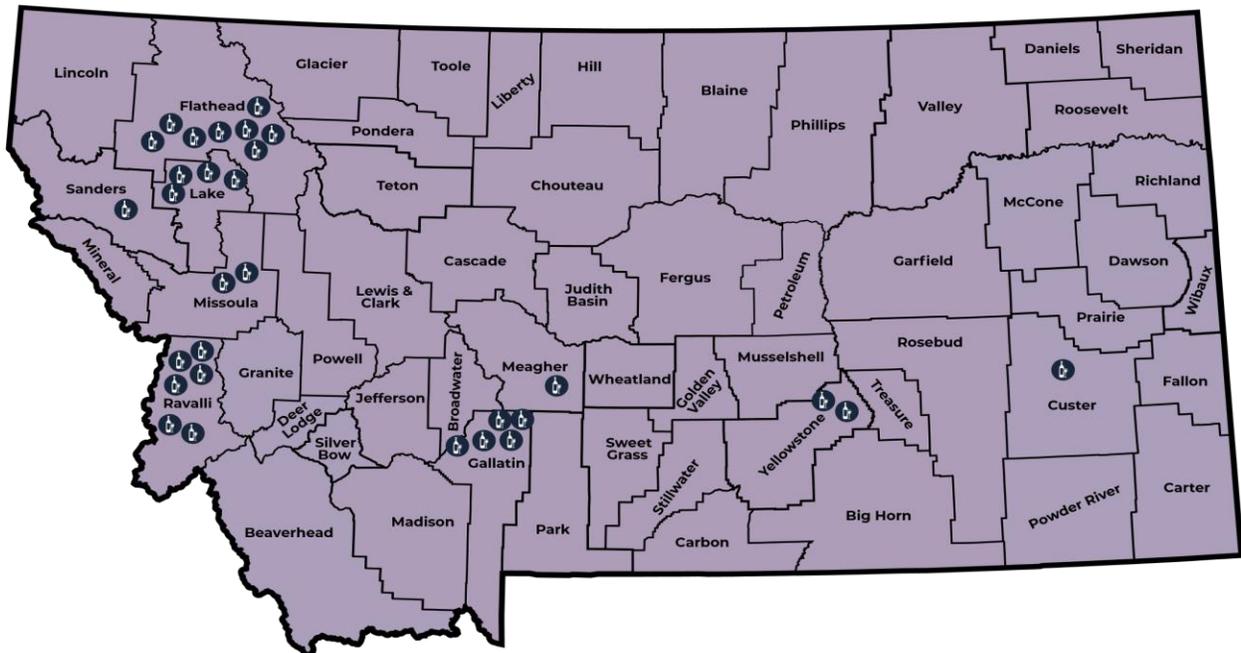
HIDDEN LEGEND WINERY

WHITE SULPHUR SPRINGS

MONTANA MEADWORKS

WHITEFISH

UNLEASHED: A WINERY



Alcohol Code Violations

- The Department of Revenue asks the Department of Justice to investigate complaints.
- Upon reviewing the Department of Justice's investigation report or an admission from a licensee or receiving a local law enforcement agency's investigation report, the Department of Revenue may, at its discretion, take one or more of the following actions:
 - Reprimand the licensee
 - Impose a civil penalty not to exceed \$1,500
 - Suspend the license for a period of not more than three months
 - Refuse to grant a renewal of the license after its expiration
 - Revoke the license
- The department may only propose revocation of a license if a violation jeopardizes health, welfare, and safety or there is no cure in place to correct the violation.
- All actions taken by the Department of Revenue are subject to the opportunity for a hearing under the Montana Administrative Procedure Act.

The most common Alcohol Beverage Code violations are:

- Sale to an underage person
- Sale to an intoxicated person
- Location manager issues
- Undisclosed ownership interest
- Unapproved premises alteration
- Unapproved nonuse
- Open after hours
- Serving after hours

Contrived events

The department cannot issue a violation to a licensee or a concessionaire provided the investigation was not based on complaints or an observed misconduct but was based solely on a contrived event by the investigating authority or another designated organization creating the opportunity for a violation.

The department may only issue a violation if the licensee or concessionaire fails more than two contrived event investigations within a 3-year period.

License Revenue

Consists of License Fees, Renewal Fees, and Violation Revenue

FY 2014	\$2,215,175
FY 2015	\$2,405,900
FY 2016	\$2,522,064
FY 2017	\$2,552,275
FY 2018	\$2,591,119
FY 2019*	\$3,362,884
FY 2020*	\$6,574,816
FY 2021*	\$4,593,785
FY 2022*	\$5,818,660

*Includes competitive bid license fees

Taxation of Alcoholic Beverages

Distilled Spirits (Liquor)

The pricing on distilled spirits and fortified wines includes both an excise tax and a license tax. The appropriate tax rate is determined by the total number of proof gallons the company manufactured, distilled, rectified, bottled, or processed and sold nationwide in the preceding calendar year. These are the rate schedules:

- Liquor Excise Tax

<u>Rate</u>	<u>Production</u>
16%	More than 200,000 proof gallons
13.8%	50,001 to 200,000 proof gallons
8%	20,000 to 50,000 proof gallons
3%	Less than 20,000 proof gallons

- Liquor License Tax

<u>Rate</u>	<u>Production</u>
10%	More than 200,000 proof gallons
8.6%	50,001 to 200,000 proof gallons
2%	50,000 or less proof gallons

Beer

- Based upon barrels of beer produced annually (barrel = 31 gallons)
 - Up to 5,000 barrels \$1.30/barrel
 - 5,001 to 10,000 barrels \$2.30/barrel
 - Over 10,000 barrels \$4.30/barrel

Wine

- 27 cents per liter of wine
- 3.7 cents per liter of hard cider

Tax Revenue

Liquor Excise Tax

FY 2014	\$15,430,324
FY 2015	\$16,190,200
FY 2016	\$16,571,301
FY 2017	\$17,105,836
FY 2018	\$17,646,138
FY 2019	\$18,416,642
FY 2020	\$19,947,830
FY 2021	\$23,473,422
FY 2022	\$24,598,539

Liquor License Tax

FY 2014	\$9,642,234
FY 2015	\$10,119,984
FY 2016	\$10,359,702
FY 2017	\$10,691,248
FY 2018	\$11,027,618
FY 2019	\$11,512,859
FY 2020	\$12,462,977
FY 2021	\$14,673,456
FY 2022	\$15,440,998

Beer Tax

FY 2014	\$4,209,093
FY 2015	\$4,062,636
FY 2016	\$4,048,840
FY 2017	\$4,012,581
FY 2018	\$4,010,619
FY 2019	\$4,061,710
FY 2020	\$4,224,437
FY 2021	\$4,424,097
FY 2022	\$4,315,146

Wine Tax (includes Hard Cider)

FY 2014	\$3,358,802
FY 2015	\$3,430,555
FY 2016	\$3,527,293
FY 2017	\$3,606,701
FY 2018	\$3,615,502
FY 2019	\$3,662,607
FY 2020	\$3,731,198
FY 2021	\$3,971,701
FY 2022	\$3,854,741

2021 Legislative Changes Adopted

- **House Bill 19** – Revised laws pertaining to off-premises beer/wine licenses by removing conditional approval language. This was a simple clean-up bill from HB 727 passed during the 2019 legislative session.
- **House Bill 79** – Revised the definitions of malt beverage to allow products such as seltzers and kombuchas, which haven't gone through a distillation process, to be manufactured, imported, distributed, and sold as beer. Bill also increases the alcohol content for hard cider products to 8.5% ABV.
- **House Bill 157** – Revised laws to allow a brewer/winery to share a building with an alcoholic beverage retailer if both the brewery/winery and alcoholic beverage retailer can maintain control of their respective premises through adequate physical safeguards. Bill also allows an alcoholic beverage retailer's spouse to possess ownership interest in one or more manufacturer's licenses.
- **House Bill 226** – Revised laws to allow for the curbside pickup of alcoholic beverages in original containers, prepared servings, or growlers depending on the type of retail establishment (agency liquor store vs licensee) and license held. Curbside pickup includes the ability to operate a drive-through window. Bill removed language that prevented restaurant beer and wine licensees from selling alcoholic beverages for off-premises consumption but still requires the consumer to purchase food in addition to the alcoholic beverages. Bill also allows table wine distributors and beer wholesalers to deliver beer and table wine to alternate locations if the retailer is located in a hard-to-reach location.
- **House Bill 525** – Bill revised laws pertaining to concession agreements. Bill prohibits fraternal and veteran organizations from entering into concession agreements. Bill allows an on-premises consumption beer licensee or all-beverage licensee to enter into a maximum of three concession agreements at any given time. Bill implements a new \$500 application fee for each concession agreement entered into and a \$100 annual renewal fee. Bill sets forth the allowable compensation arrangements between the licensee and concessionaire (percentage of gross alcoholic beverage sales, percentage of employee overhead, fixed dollar amount, or any combination). Bill provided a grandfather clause to allow existing concession agreements to continue to operate as is.
- **House Bill 632** – Bill appropriates federal funds received through the American Rescue Plan Act. Included in this bill is the departments \$6.5 million liquor warehouse expansion project.
- **House Bill 705** – Bill revised several alcoholic beverage statutes including: (1) increase the ownership percentage for vetting purposes from 10% to 15%; (2) implements new alternate alcoholic beverage storage facility types; (3) prohibits the department from implementing a minimum seating requirement for licensed

retail establishments; (4) allows resort all-beverage licensees to enter into one concession agreement at any given time; (5) prohibits the department from conducting tax compliance checks on licensees at renewal time; (6) allows licensees that operate within a hotel or short-term lodging facility to pre-stock accommodation units; (7) prohibits the department from proposing revocation of a license unless the violation jeopardizes public health, welfare, and safety or if no cure is in place to resolve the violation; (8) allows patrons to bring unopened bottles of wine onto the premises of a retail establishment to be opened and served by the licensee, including the ability to charge a corking fee; (9) allows the department to issue a violation against an unlicensed individual or entity that violates bottle club prohibitions; (10) allows a licensee to receive up to \$100,000 in funding through personal financing, consumer credit, or person credit cards to make purchases on behalf of the licensed entity; (11) allows a licensed establishment that shares part of a building to have access to the licensed establishment at all times of the day, so long as the alcoholic beverages are secured to prevent public access; and (12) revises approval requirements for premises alterations.

- **Senate Bill 129** – Bill prohibits the department from issuing a violation against a licensee or concessionaire if the violation was the result of a contrived event unless the licensee or concessionaire fails more than two contrived events within a 3-year period.
- **Senate Bill 247** – Bill allows a Montana university system or any other postsecondary institution in the state to contract a licensee, with a catering endorsement, to serve alcoholic beverages at a sporting event held by the university or postsecondary institution. Bill allows the licensee to share the revenue generated from the sale of the alcoholic beverages with the university or postsecondary institution.
- **Senate Bill 320** – Bill allows on-premises consumption beer licensees, all-beverage licensees, and restaurant beer and wine licensees the ability to apply for and receive a delivery endorsement. Bill allows those with a delivery endorsement to deliver beer and wine only to consumers. Licensee may only use employees who are 21 years of age or older for deliveries. Bill requires food prepared by the licensee to be part of the alcoholic beverage delivery and prohibits the alcoholic beverage portion to cost more than the food portion of the delivery.

Liquor Distribution Bureau

The Liquor Distribution Bureau is responsible for overseeing and managing the effective receipt and distribution of alcoholic beverages in the state. It accomplishes this by efficiently maintaining a regulated channel of distribution with an emphasis on customer service by fulfilling the public demand for distilled spirits and fortified wine through agency liquor stores.

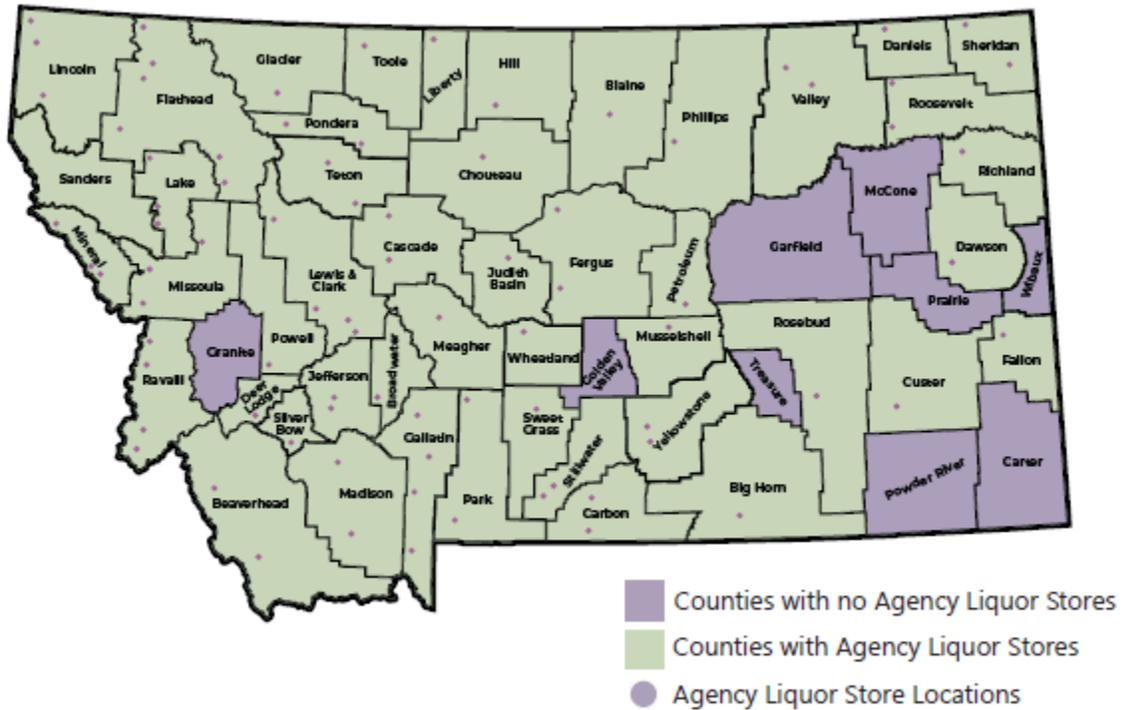
Duties and responsibilities include:

- Operate the state liquor warehouse – more than a \$203 million business;
- Order, maintain, and monitor liquor warehouse inventories in a way that balances state interests with liquor distribution outlet customers;
- Establish and post statutorily-defined prices for all liquor products distributed through the liquor warehouse; and
- Establish, maintain, and monitor relationships, compliance issues, and state contracts with 95 separate agency liquor stores.



Agency Liquor Stores

There are currently 95 agency liquor stores in Montana. Independent agents operate these agency liquor stores.



Number of Agency Liquor Stores in a Community

The number of agency liquor stores that may be located in a community varies with the population in a community. For example, there may be:

- One agency liquor store if the population is 0 – 12,000;
- Two agency liquor stores if the population is 12,001 – 52,000;
- Three agency liquor stores if the population is 52,001 – 92,000;
- Four agency liquor stores if the population is 92,001 – 132,000; or
- Five agency liquor stores if the population is 132,001 – 172,000; and
- One additional agency liquor store within increments of population of 40,000 inhabitants above 172,000.

Location Limitations

- New stores may not be located in a community that is within 35 miles of another community with an agency liquor store unless the population permits.
- In communities that may have more than one agency liquor store, stores may not be located closer than a one-mile radius of each other.
- May not be in or adjacent to a grocery store in communities greater than 3,000.

Selection of an Agent

- Selected according to competitive procedures under the Montana Procurement Act.

Contracts may be Reassigned

- An agent may assign an agency franchise agreement to a person who, upon department approval, is named agent in the agency franchise agreement, with the rights, privileges, and responsibilities of the original agent for the remaining term of the agency franchise agreement.

Commission Rates

- Agents receive a price reduction on the posted price of liquor purchased from the department, known as a commission rate. An agent's commission rate is based on the total posted price of liquor purchased in the previous calendar year. *(SB 193 from the 2015 legislative session)*
- Commission rate schedule, effective February 1, 2018 is as follows:

Commission Rate	Prior Calendar Year Liquor Purchases	
16.00%	\$0.00	\$250,000.00
15.50%	\$250,000.01	\$500,000.00
15.00%	\$500,000.01	\$720,000.00
14.50%	\$720,000.01	\$950,000.00
14.00%	\$950,000.01	\$1,525,000.00
13.50%	\$1,525,000.01	\$1,850,000.00
13.00%	\$1,850,000.01	\$2,250,000.00
12.75%	\$2,250,000.01	\$3,250,000.00
12.50%	\$3,250,000.01	\$7,000,000.00
12.15%	\$7,000,000.01	+

- Dollar values of purchase amounts are adjusted annually based on the consumer price index of the prior calendar year.

Operation

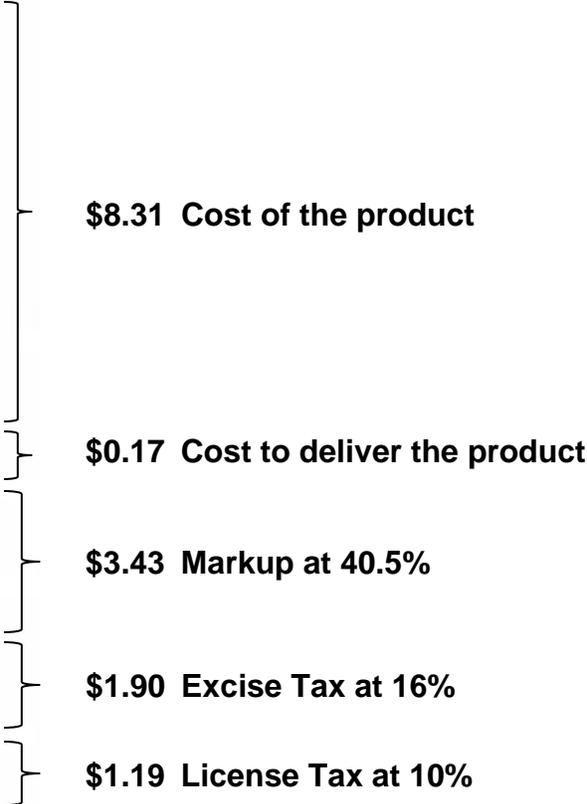
- Agency liquor stores must purchase all alcoholic beverages except for beer and table wine from the state liquor warehouse.
- Agency liquor stores may sell liquor, fortified wine, and table wine. Stores may purchase table wine from a distributor without an additional license.
- Agency liquor stores must be open for the sale of alcoholic beverages for a minimum of six hours per day between 8 a.m. and 2 a.m.
- Agency liquor stores must be closed Sundays, Mondays, and legal holidays. They may be open on Mondays that are not legal holidays if 51 percent of the all-beverage licensees in the community sign a petition to allow it.
- Agency franchise agreements are effective for a 10-year period and must be renewed for an additional 10-year period if the requirements of the agency franchise agreement have been satisfactorily performed.
- Agency liquor stores are required to sell liquor to licensees at the state posted price for bottle purchases and at a reduction of an eight percent discount from posted price for full case purchases of regular listed products.
- Agency liquor stores must sell to all other persons at or above the posted price. The agent may establish a mark-up for their retail price.
- Agency liquor stores receive weekly deliveries.
- The department supplies a quarterly price book with the various classes, varieties, and brands of liquor for sale with the state's posted price.
- Agency liquor stores have 60 days from the date of invoice to pay for liquor purchased from the state liquor warehouse.
- Agency liquor stores may provide curbside pickup, including the sale of alcoholic beverages through a drive-through window.



Components of Liquor Pricing



Example represents a liquor product with a posted price of \$15.00

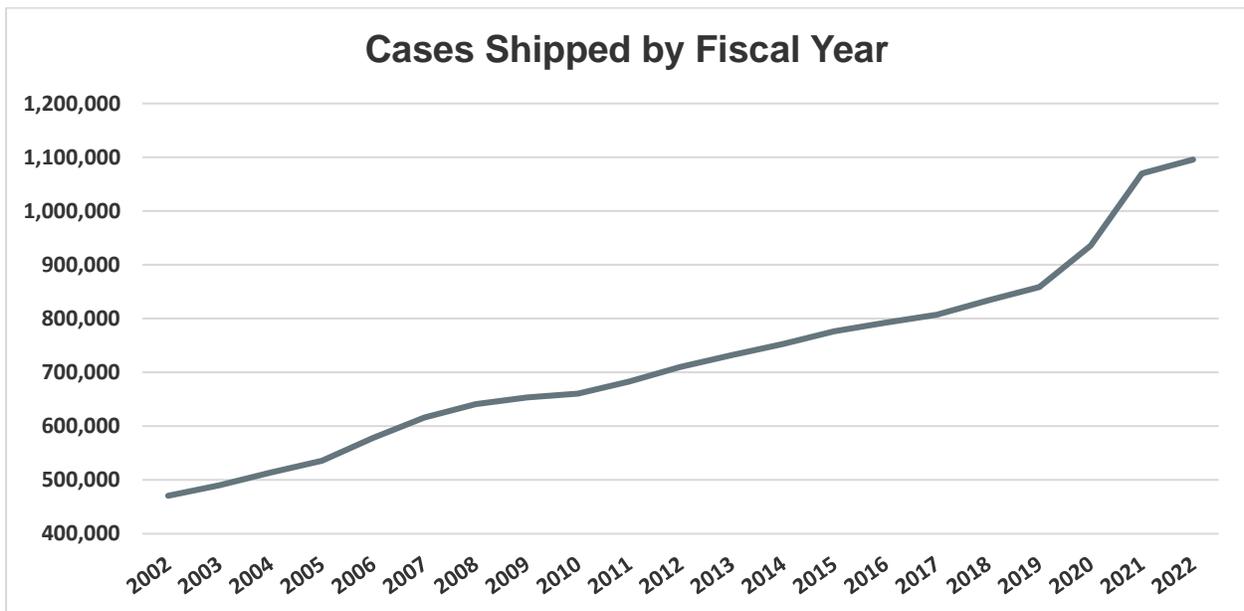


Cases Distributed to Agency Liquor Stores

The Alcoholic Beverage Control Division maintained inventories at the state liquor warehouse on 1,650 liquor and fortified wine products during fiscal year 2022. Another 2,500 liquor and fortified wine products are available on a case-by-case basis.

Over the past ten fiscal years, cases shipped from the state liquor warehouse increased by more than 50 percent, from 732,224 in fiscal year 2013 to 1,095,693 in fiscal year 2022.

MONTH	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
July	65,050	69,883	75,412	85,666	97,916	99,125
August	76,710	84,376	80,063	80,980	88,856	97,888
September	66,318	61,605	58,694	68,869	90,087	88,013
October	65,974	70,048	73,193	79,984	89,201	83,688
November	71,483	75,023	73,598	72,181	82,628	93,076
December	83,911	78,885	85,371	93,190	116,747	106,253
January	46,978	53,627	58,064	59,087	57,185	70,214
February	59,753	61,705	65,578	67,220	75,966	89,446
March	66,639	65,812	68,426	82,630	97,467	94,813
April	54,730	59,865	67,774	65,960	79,194	82,286
May	73,690	75,668	72,790	79,289	87,804	91,679
June	75,889	77,197	79,523	100,483	106,665	99,212
TOTAL	807,125	833,694	858,486	935,539	1,069,716	1,095,693



Liquor Warehouse Expansion Project

During the 2021 Legislative Session, \$6.5 million was appropriated to complete a 35,000 square foot addition off the south end of the existing state liquor warehouse. The project included increased wall heights to maximize the space available and to allow the department to continue to operate from this facility for several years down the road.

However, due to increased construction costs, the \$6.5 million originally allocated for the project is not nearly enough to complete the project. The department will be seeking an additional \$14.3 million to complete the project which includes installing an automated storage and retrieval system within the new space.

The department along with the Department of Administration's Architecture & Engineering Division have been working with a local architecture firm to finalize design requirements.

A conceptual design of what the state liquor warehouse will look like at the completion of the project is represented below.



Liquor Distribution Revenues and Transfers

The Alcoholic Beverage Control Division distributed \$49.3 million to the state general fund and \$10.1 million to the state special revenue fund in fiscal year 2022.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Gross Sales	\$144.0M	\$150.9M	\$163.8M	\$193.4M	\$203.7M
Agents Total Commissions and Discounts	\$18.8M	\$19.8M	\$21.4M	\$25.2M	\$26.5M
Operational Expenses	\$2.0M	\$1.8M	\$2.0M	\$2.4M	\$2.5M
Net Profits	\$12.2M	\$12.5M	\$14.0M	\$16.9M	\$18.5M
Taxes Transferred	\$28.7M	\$29.9M	\$32.4M	\$38.1M	\$40.0M

Types of Revenue

Liquor wholesale operations generate two types of revenue: taxes and profits.

Taxes

The sale price of each product includes taxes. We collect the tax when we sell the product from the warehouse and the agency liquor stores pay us. Then we transfer the tax to either the general fund or state special revenue fund. The taxes are washed through the Liquor Enterprise Fund.

Profits

The standard mark-up applied to most liquor products is 40.5 percent; however, the 2011 legislative session allowed for a reduced mark-up of 20 percent on liquor products that have been manufactured, distilled, rectified, bottled, or processed by a distillery that produces 25,000 proof gallons or less of liquor nationwide annually.

The mark-up in essence pays for the liquor warehouse distribution operations and the commission rates provided to the agency liquor stores. The remaining profits are then transferred to the general fund.

Comparative Report of Sales to Agency Stores

For fiscal years ending June 30, 2022 and June 30, 2021

Store Location	Purchases FY 2022	Purchases FY 2021	Store Rank FY 2022	Store Rank FY 2021
LOLO #192	18,432,448.50	18,356,435.05	1	1
BELGRADE #76	14,087,257.45	13,161,310.45	2	2
MISSOULA #171	11,042,722.20	9,757,215.35	3	4
BOZEMAN #193	10,056,997.30	9,979,932.30	4	3
LAUREL #65	9,603,158.25	9,715,506.85	5	5
BILLINGS #196	7,664,489.55	6,536,457.90	6	6
BUTTE #116	6,933,853.05	6,366,324.70	7	8
KALISPELL #12	6,602,105.95	5,794,830.30	8	10
WHITEFISH #64	6,490,294.85	6,329,254.90	9	9
HELENA #1	6,247,920.15	5,469,367.40	10	11
BILLINGS #3	5,910,334.50	6,405,596.60	11	7
MISSOULA #170	5,831,714.55	5,301,340.30	12	12
GREAT FALLS #139	4,903,290.70	4,826,095.20	13	13
BIG SKY #190	4,503,948.95	3,467,216.80	14	17
COLUMBIA FALLS #73	3,842,184.60	3,707,066.70	15	15
EVERGREEN #67	3,577,909.50	3,512,366.60	16	16
GREAT FALLS #140	3,565,754.40	3,275,311.10	17	18
LIVINGSTON #8	3,545,059.55	3,043,752.85	18	21
KALISPELL #195	3,374,333.65	3,067,726.75	19	20
EAST HELENA #83	3,329,859.55	3,962,125.95	20	14
BIGFORK #179	2,952,618.80	3,069,981.20	21	19
HAMILTON #18	2,758,868.90	2,641,910.00	22	22
POLSON #54	2,683,607.25	2,608,249.75	23	23
MILES CITY #13	2,140,085.95	2,045,069.90	24	25
HAVRE #26	2,105,325.10	1,699,153.60	25	27
BOZEMAN #9	2,032,109.90	2,568,114.35	26	24
BUTTE #2	2,004,368.00	1,837,416.30	27	26
CUT BANK #45	1,982,216.80	1,692,250.25	28	28
ANACONDA #14	1,853,246.30	1,642,319.70	29	31
BILLINGS #4	1,710,471.65	1,656,909.50	30	30
RED LODGE #27	1,626,441.95	1,486,722.65	31	34
BAKER #42	1,593,960.20	1,517,416.30	32	32
HELENA #5	1,560,082.45	828,120.45	33	49

Comparative Report of Sales to Agency Stores

For fiscal years ending June 30, 2022 and June 30, 2021

Store Location	Purchases FY 2022	Purchases FY 2021	Store Rank FY 2022	Store Rank FY 2021
GLENDIVE #21	1,555,302.30	1,663,879.20	34	29
DILLON #32	1,457,233.15	1,489,158.60	35	33
STEVENSVILLE #115	1,434,339.30	1,149,285.00	36	37
LEWISTOWN #15	1,404,327.55	1,404,664.10	37	35
VICTOR #172	1,327,455.50	1,403,791.35	38	36
ENNIS #60	1,244,913.35	1,099,839.90	39	39
GLASGOW #24	1,101,985.75	1,105,774.75	40	38
EUREKA #69	1,098,945.95	934,576.30	41	44
FORT BENTON #31	1,054,617.50	950,597.65	42	42
SIDNEY #50	1,028,890.35	1,058,383.55	43	40
ABSAROKEE #167	1,016,096.60	977,032.60	44	41
HUNGRY HORSE #62	971,679.70	948,456.55	45	43
LIBBY #6	952,129.15	870,991.75	46	47
MALTA #22	892,396.95	929,835.30	47	45
WOLF POINT #52	869,004.85	885,669.85	48	46
W. YELLOWSTONE #59	852,482.75	870,234.55	49	48
GARDINER #58	836,906.95	761,373.65	50	52
PLAINS #108	751,407.95	627,909.85	51	58
RONAN #101	733,836.45	752,774.95	52	53
THOMPSON FALLS #7	719,468.85	765,588.65	53	51
DEER LODGE #11	718,390.40	723,375.70	54	54
MEDICINE LAKE #90	711,450.35	772,530.65	55	50
GREAT FALLS #141	697,089.55	665,069.45	56	55
TOWNSEND #49	689,856.40	660,481.65	57	56
BRIDGER #91	677,514.75	591,635.90	58	60
ROUNDUP #44	660,113.80	643,766.20	59	57
SEELEY LAKE #122	645,641.05	577,339.45	60	62
COLUMBUS #16	619,525.95	619,894.50	61	59
DARBY #85	617,623.15	584,137.95	62	61
SUPERIOR #30	577,005.30	557,626.80	63	63
BIG TIMBER #17	536,636.05	527,767.40	64	65
HARDIN #37	527,180.75	509,036.30	65	66
CONRAD #33	503,265.10	463,039.20	66	68

Comparative Report of Sales to Agency Stores

For fiscal years ending June 30, 2022 and June 30, 2021

Store Location	Purchases FY 2022	Purchases FY 2021	Store Rank FY 2022	Store Rank FY 2021
SHELBY #29	485,231.40	448,474.95	67	70
ST REGIS #185	471,905.20	535,183.70	68	64
PLENTYWOOD #53	460,665.30	458,484.00	69	69
TROY #70	452,615.95	479,787.55	70	67
HOT SPRINGS #61	435,603.70	423,130.10	71	71
LINCOLN #112	429,253.15	416,535.25	72	72
SHERIDAN #105	405,405.65	396,079.50	73	74
WHITEHALL #104	402,238.20	395,656.35	74	75
FORSYTH #23	401,919.65	401,031.90	75	73
W. S. SPRINGS #36	399,937.95	384,889.25	76	76
HARLOWTON #38	364,429.45	384,196.50	77	77
WILLSALL #117	301,011.85	300,895.45	78	78
CHOTEAU #34	296,975.70	273,665.70	79	80
ST IGNATIUS #74	281,368.70	278,677.80	80	79
POPLAR #100	237,487.15	175,796.00	81	83
CHINOOK #28	200,984.65	261,870.95	82	81
ALBERTON #138	196,067.70	212,424.80	83	82
STANFORD #43	170,532.55	172,039.00	84	84
BOULDER #56	149,358.25	171,750.30	85	85
TWIN BRIDGES #77	145,904.10	144,663.90	86	87
SCOBEEY #51	145,422.15	146,925.80	87	86
AUGUSTA #81	131,053.65	119,700.05	88	88
LIMA #82	103,211.20	95,862.30	89	91
WINIFRED #160	100,130.40	84,359.40	90	92
FAIRFIELD #130	97,414.90	103,617.05	91	90
VALIER #78	88,759.10	117,395.40	92	89
CHESTER #35	80,224.45	74,147.60	93	93
NASHUA #95	38,551.95	39,682.90	94	94
WINNETT #39	28,071.65	38,810.25	95	95

Schedule of Liquor Sales by County

For the fiscal year ending June 30, 2022

County	City	Gross Sales	Percent of Total Sales
Beaverhead	Dillon #32	1,457,233	0.72%
	Lima #82	103,211	0.05%
		<u>\$ 1,560,444</u>	0.77%
Big Horn	Hardin #37	<u>\$ 527,181</u>	0.26%
Blaine	Chinook #28	<u>\$ 200,985</u>	0.10%
Broadwater	Townsend #49	<u>\$ 689,856</u>	0.34%
Carbon	Bridger #91	677,515	0.33%
	Red Lodge #27	1,626,442	0.80%
		<u>\$ 2,303,957</u>	1.13%
Cascade	Great Falls #139	4,903,291	2.41%
	Great Falls #140	3,565,754	1.75%
	Great Falls #141	697,090	0.34%
		<u>\$ 9,166,135</u>	4.50%
Chouteau	Fort Benton #31	<u>\$ 1,054,617</u>	0.52%
Custer	Miles City #13	<u>\$ 2,140,086</u>	1.05%
Daniels	Scobey #51	<u>\$ 145,422</u>	0.07%
Dawson	Glendive #21	<u>\$ 1,555,302</u>	0.76%

Schedule of Liquor Sales by County

For the fiscal year ending June 30, 2022

County	City	Gross Sales	Percent of Total Sales
Deer Lodge	Anaconda #14	<u>\$ 1,853,246</u>	0.91%
Fallon	Baker #42	<u>\$ 1,593,960</u>	0.78%
Fergus	Lewistown #15	1,404,328	0.69%
	Winifred #160	100,130	0.05%
		<u>\$ 1,504,458</u>	0.74%
Flathead	Bigfork #179	2,952,619	1.45%
	Columbia Falls #73	3,842,185	1.89%
	Evergreen #67	3,577,910	1.76%
	Hungry Horse #62	971,680	0.48%
	Kalispell #12	6,602,106	3.24%
	Kalispell #195	3,374,334	1.66%
	Whitefish #64	6,490,295	3.19%
		<u>\$ 27,811,129</u>	13.66%
Gallatin	Belgrade #76	14,087,257	6.92%
	Big Sky #190	4,503,949	2.21%
	Bozeman #193	10,056,997	4.94%
	Bozeman #9	2,032,110	1.00%
	West Yellowstone #59	852,483	0.42%
		<u>\$ 31,532,796</u>	15.49%
Glacier	Cut Bank #45	<u>\$ 1,982,217</u>	0.97%
Hill	Havre #26	<u>\$ 2,105,325</u>	1.03%

Schedule of Liquor Sales by County

For the fiscal year ending June 30, 2022

County	City	Gross Sales	Percent of Total Sales
Jefferson	Boulder #56	149,358	0.07%
	Whitehall #104	402,238	0.20%
		<u>\$ 551,596</u>	0.27%
Judith Basin	Stanford #43	<u>\$ 170,533</u>	0.08%
Lake	Polson #54	2,683,607	1.32%
	Ronan #101	733,836	0.36%
	St Ignatius #74	281,369	0.14%
		<u>\$ 3,698,812</u>	1.82%
Lewis and Clark	Augusta #81	131,054	0.06%
	East Helena #83	3,329,860	1.64%
	Helena #1	6,247,920	3.07%
	Helena #5	1,560,082	0.77%
	Lincoln #112	429,253	0.21%
	<u>\$ 11,698,169</u>	5.75%	
Liberty	Chester #35	<u>\$ 80,224</u>	0.04%
Lincoln	Eureka #69	1,098,946	0.54%
	Libby #6	952,129	0.47%
	Troy #70	452,616	0.22%
		<u>\$ 2,503,691</u>	1.23%
Madison	Ennis #60	1,244,913	0.61%
	Sheridan #105	405,406	0.20%
	Twin Bridges #77	145,904	0.07%
		<u>\$ 1,796,223</u>	0.88%

Schedule of Liquor Sales by County

For the fiscal year ending June 30, 2022

County	City	Gross Sales	Percent of Total Sales
Meagher	White Sulphur Springs #36	<u>\$ 399,938</u>	0.20%
Mineral	Alberton #138	196,068	0.10%
	St Regis #185	471,905	0.23%
	Superior #30	577,005	0.28%
		<u>\$ 1,244,978</u>	0.61%
Missoula	Lolo #192	18,432,449	9.06%
	Missoula #170	5,831,715	2.87%
	Missoula #171	11,042,722	5.43%
	Seeley Lake #122	645,641	0.32%
		<u>\$ 35,952,527</u>	17.66%
Musselshell	Roundup #44	<u>\$ 660,114</u>	0.32%
Park	Gardiner #58	836,907	0.41%
	Livingston #8	3,545,060	1.74%
	Wilsall #117	301,012	0.15%
		<u>\$ 4,682,979</u>	2.30%
Petroleum	Winnett #39	<u>\$ 28,072</u>	0.01%
Phillips	Malta #22	<u>\$ 892,397</u>	0.44%
Pondera	Conrad #33	503,265	0.25%
	Valier #78	88,759	0.04%
		<u>\$ 592,024</u>	0.29%

Schedule of Liquor Sales by County

For the fiscal year ending June 30, 2022

County	City	Gross Sales	Percent of Total Sales
Powell	Deer Lodge #11	<u>\$ 718,390</u>	0.35%
Ravalli	Darby #85	617,623	0.30%
	Hamilton #18	2,758,869	1.36%
	Stevensville #115	1,434,339	0.70%
	Victor #172	1,327,456	0.65%
		<u>\$ 6,138,287</u>	3.02%
Richland	Sidney #50	<u>\$ 1,028,890</u>	0.51%
Roosevelt	Poplar #100	237,487	0.12%
	Wolf Point #52	869,005	0.43%
		<u>\$ 1,106,492</u>	0.54%
Rosebud	Forsyth #23	<u>\$ 401,920</u>	0.20%
Sanders	Hot Springs #61	435,604	0.21%
	Plains #108	751,408	0.37%
	Thompson Falls #7	719,469	0.35%
		<u>\$ 1,906,481</u>	0.94%
Sheridan	Medicine Lake #90	711,450	0.35%
	Plentywood #53	460,665	0.23%
		<u>\$ 1,172,115</u>	0.58%
Silver Bow	Butte #116	6,933,853	3.41%
		2,004,368	0.98%
	Butte #2	<u>\$ 8,938,221</u>	4.39%

Schedule of Liquor Sales by County

For the fiscal year ending June 30, 2022

County	City	Gross Sales	Percent of Total Sales
Stillwater	Absarokee #167	1,016,097	0.50%
	Columbus #16	619,526	0.30%
		<u>\$ 1,635,623</u>	0.80%
Sweetgrass	Big Timber #17	<u>\$ 536,636</u>	0.26%
Teton	Choteau #34	296,976	0.15%
	Fairfield #130	97,415	0.05%
		<u>\$ 394,391</u>	0.19%
Toole	Shelby #29	<u>\$ 485,231</u>	0.24%
Valley	Glasgow #24	1,101,986	0.54%
	Nashua #95	38,552	0.02%
		<u>\$ 1,140,538</u>	0.56%
Wheatland	Harlowton #38	<u>\$ 364,429</u>	0.18%
Yellowstone	Billings #196	7,664,490	3.77%
	Billings #3	5,910,335	2.9%
	Billings #4	1,710,472	0.84%
	Laurel #65	9,603,158	4.72%
		<u>\$ 24,888,455</u>	12.23%
Totals		<u>\$203,535,490</u>	<u>100%</u>

Outreach and Education Unit

The Alcoholic Beverage Control Education Unit is responsible for educating and informing servers and sellers, license holders, distributors, manufacturers, law enforcement, and the public on topics related to the responsible sales, service, and consumption of alcoholic beverages. This responsibility is accomplished through a variety of educational presentations and training materials.

Mission

- Provide the most up-to-date and comprehensive “Your Community Matters” Responsible Alcohol Sales and Service (RASS) curriculum to the trainers who educate all sellers and servers of alcoholic beverages.
- Provide the citizens of Montana with information, education, and guidance relating to the Montana Alcoholic Beverage Code, Title 16.

Goals

- Visit all newly approved licensees within 6 – 12 months of approval.
- Provide Alcohol Education Summit at least every three years.
- Offer outreach and education trainings.
- Update RASS curriculum after every legislative session.
- Compile a comprehensive body of information to help business owners and their employees find greater success in compliance with the law, limit their liability, and maintain a good relationship with their community.

Responsible Alcohol Sales and Service (RASS)

The 62nd Legislative Session passed the RASS act. Retail establishments and manufacturers licensed to sell or serve alcoholic beverages to the public must ensure that all licensees and their employees that sell or serve alcoholic beverages are appropriately trained to comply with state law prohibiting the sale or service of alcoholic beverages to persons under 21 years of age and to persons who are intoxicated.

COMPLIANCE CHECKS 2022 VS. 2021

	2022	%	2021	%
Compliance Checks	764		525	
Failed	144	19%	109	20%
Failures with no RASS Training	61	42%	46	44%
Failures with RASS Training	83	58%	58	56%
Passed	620	81%	419	80%
% Failed Using 3rd Party Online Training	--	92%	--	84%
% Failed Using In-Person YCM Curriculum	--	8%	--	7%

VISITS

January - November	2022
Licenses	209
Compliance Failure Visits	75
Compliance Sessions	2
Other/Attorneys/Public/ City-County Officials	54

340 Total



ABCD's Your Community Matters
RASS Program

ACTIVE TRAINERS

	2022
In-Person Trainers	129
Online Training Programs	10